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TAGS: [PREL](#) [PGOV](#) [KPAL](#) [IS](#) [IR](#) [SY](#)
SUBJECT: CODEL CARDIN DISCUSSES IRAN, SYRIA, PALESTINIANS,
AND ISRAEL ELECTION WITH BENJAMIN NETANYAHU

Classified By: DCM Luis G. Moreno, Reason 1.4 (b) (d)

11. (C) SUMMARY During their trip to Israel, CODEL Cardin discussed Iran, Syria, Israel-Palestinian negotiations, and the Israeli elections with Likud Party leader and candidate for Prime Minister Benjamin Netanyahu. Netanyahu described a nuclear Iran as the greatest threat facing Israel, and urged strong economic sanctions backed by a viable military option to confront a problem that he said threatened the region and could prove a "tipping point" in world history. Describing his approach to "economic peace" with the Palestinians, Netanyahu suggested he would cut through bureaucratic obstacles to Palestinian economic development to build a "pyramid" from the "bottom up" that would strengthen the Palestinian Authority, and offer the Palestinians a viable alternative to radicalism. Netanyahu expressed support for the concept of land swaps, and emphasized that he did not want to govern the West Bank and Gaza but rather to stop attacks from being launched from there. Netanyahu suggested Syrian interest in peace negotiations with Israel were really overtures to the United States, and described the Syrians as firmly in the Iranian camp. Netanyahu expressed confidence that President Peres would offer him rather than Kadima Party leader Livni the opportunity of forming a coalition because the bloc of center-right/right wing parties in the new Knesset amounted to 65 seats. Netanyahu said his desire would be to form a unity government with Kadima, but would not agree to a rotating prime ministership. END SUMMARY

12. (SBU) As part of their February 14-17 visit to Israel, CODEL Cardin met with Likud Party leader and candidate for Prime Minister Benjamin Netanyahu on February 16 in Jerusalem. Netanyahu was at the center of intense political speculation about the formation of a governing coalition following the extremely close Israeli national election of February 10, which did not produce a clear winner. The CODEL met with Netanyahu following meetings the previous day with President Peres, and prior to meetings later in the day with Prime Minister Olmert and Palestinian Authority Prime Minister Fayyad.

IRAN

13. (C) Netanyahu quickly launched into his oft-stated position that Iran is the greatest threat facing Israel. Noting that "Persia" already had two bases on the Mediterranean (referring to Hizballah and Hamas), Netanyahu complained that Iran's "tentacles" were choking Israel, and that a new one grew back whenever one was cut off. Netanyahu charged that Iran was developing nuclear weapons with the express purpose of wiping out Israel, and described preventing Iran from developing a nuclear capability as Israel's highest policy priority. Netanyahu described five threats that he saw emanating from Iranian nuclear development: a direct threat to Israel; a direct threat to other regional states; increased terrorist power under an Iranian nuclear umbrella; a Middle East nuclear arms race; and a destabilized Middle East, with Arab regimes

"terrified" of Iran in his view. Netanyahu, commenting that he normally avoided political jargon, pointed to one phrase that he said applied to this issue - "a tipping point." According to Netanyahu, if Iran develops a nuclear weapon capability it will "topple the peace process" and "change the history of the world."

14. (C) When asked what advice he offered to the United States, Netanyahu reported that he had spoken to then-candidate Obama and said the method was less important than the goal, and asked rhetorically whether the President would allow Iran to "cross the nuclear threshold ... on his watch." Netanyahu suggested there were many ways to pressure Iran, which he saw as economically weak at the moment due to plunging oil prices at the same time that the U.S. President had strong international backing, a situation Netanyahu described as the opposite of the past few years. He said he would look forward (as Prime Minister) to discussing with President Obama concrete measures to be taken against Iran. Netanyahu said these would not be a substitute for Palestinian negotiations, but that any result from such negotiations would be "washed away" by Iran's attaining a nuclear bomb.

15. (C) When asked how Iran could be isolated, Netanyahu suggested a blockade as one possibility. The nuclear program could be stopped if the U.S. led the international community to "ratchet up" economic sanctions, but that these sanctions would only work if Iran knew that the U.S. military option remained viable. Netanyahu said he did not object to a U.S. dialogue with Iran provided the talks were close ended, perhaps two months, with fixed results, otherwise Iran would

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"take you to the cleaners." He said he agreed with the Europeans' urging the U.S. to postpone any talks until past the Iranian elections in June. Netanyahu said he did not know for certain how close Iran was to developing a nuclear weapons capability, but that "our experts" say Iran was probably only one or two years away and that was why they wanted open ended negotiations. He again urged "tough negotiations" if military means were not used (and added that Special Envoy Mitchell was both nice and tough.) Netanyahu described the Iranian regime as crazy, retrograde, and fanatical, with a Messianic desire to speed up a violent "end of days." That was not the whole country, however, in his view, as he said that "75 percent of the Iranian people" oppose the regime, but that it governed with terror and would be hard to overthrow. There was no single view from Iranians, therefore, but there was from the powers that dominate. He reiterated that strong economic action could stop their nuclear development or possibly even bring down the regime - as could "the U.S. military process."

PALESTINIAN TRACK

16. (C) Turning to peace with the Palestinians, Netanyahu said the reason the process had not worked so far was that while 70 percent of Israelis were willing to make concessions, the same number were convinced that there was no real Palestinian partner. Netanyahu warned that when Israel left Lebanon it created a first Iranian base, that when it left Gaza it created a second Iranian base, and if Israel "promised" a third retreat from the West Bank it would see the same results. There were three options, according to Netanyahu - withdrawing to the 1967 borders (that would "get terror, not peace"); doing nothing ("just as bad"); or "rapidly building a pyramid from the ground up." Netanyahu suggested a rapid move to develop the West Bank economically, including "unclogging" bureaucratic "bottlenecks." He promised to "take charge personally" (as Prime Minister) to facilitate this bureaucratic reform, which would occur in tandem with political negotiations and cooperation with Jordan to build up Palestinian Authority security capacity.

Netanyahu noted that there were larger demonstrations against the Gaza operation in Madrid and London than in the West Bank. He said this was because the West Bankers recognized that Hamas represents the prospect of "violent, crazy" people in charge of their society; they should be offered real alternatives in order to have the strength to resist the radicals.

17. (C) Netanyahu said his "new approach" would also include not continuing to fund a "bloated" Palestinian bureaucracy. It would be aimed at direct development. Netanyahu, noting that he had previously "turned around" the Israeli economy (as Finance Minister), gave one example of a problem he would fix as an electric powerline in the West Bank that was held up by conflicting and competing agencies. He said this powerline was needed and would create jobs, but was held up not because the Palestinians were targeted, but because that was how the Israeli bureaucracy worked for everyone, including Israelis. When asked whether these reforms could include room to modify security arrangements, Netanyahu agreed that some of what the GOI calls security is in fact bureaucracy. Pointing to what he described as strong but unpublicized trade between Haifa port and Iraq via Jordan, he suggested assembly points could be set up in the West Bank for some goods, which would create thousands of jobs. This would not be a substitute for a political settlement, according to Netanyahu, but economic prosperity would make peace possible, as occurred in Northern Ireland.

SYRIA

18. (C) Netanyahu said he was actually more optimistic about dealing with the Palestinians than with Syria, because he was confident that the Palestinian Authority wants Iran and its proxies out. He said he was less sanguine about Syria, which he complained straddles the fence all the time. The Syrians might "talk about" a new (U.S.) relationship, but he did not see them disconnecting from Iran. Netanyahu suggested that Israel "giving up" the Golan would just result in assurances that Syria would later "tear up." Describing King Hussein as heroic, and noting that the King came from his "death bed" in 1998 to get then-Prime Minister Netanyahu and then-Palestinian Authority Chairman Arafat to reach an agreement at the Wye River talks, Netanyahu said that when Saddam Hussein took Kuwait, even King Hussein "snuggled up" to the Iraqi leader out of necessity. Such is the reality in the Middle East.

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COALITION FORMATION

19. (C) Despite finishing one Knesset seat behind Kadima and its candidate Tzipi Livni in the February 10 Israeli national elections, Netanyahu expressed complete confidence that President Peres would offer him the opportunity to form a government because the bloc of center-right/right wing parties in the new Knesset has 65 seats compared to Livni's potential bloc of 45 seats for center-left/left wing parties plus 11 seats for Arab parties. Netanyahu said his desire would be to form a unity government with Kadima, but would not agree to a rotating prime ministership with Ms. Livni. He explained that the one time Israel had a rotation came as a result of an exact tie between the two political coalitions, but this time the right wing bloc was much larger.

10. (C) When asked about Avigdor Lieberman's Yisrael Beiteinu party, Netanyahu reminded the CODEL that Kadima had in fact included Lieberman in their government in its earlier stages. Netanyahu stressed repeatedly that he preferred a unity government, and said the large security and economic

problems facing Israel called for the strength that a unity government would offer. Livni "collapsed" left- wing votes (from Labor and other parties) to score a one vote margin for Kadima over Likud in the elections, but took no votes away from the right, according to Netanyahu. When asked what he might offer to Kadima, Netanyahu suggested Kadima would get a few key ministerial portfolios, but did not elaborate. He said that he while he was convinced a rotating Prime Ministership would not happen, he was confident a unity government could. Netanyahu said the government would not include the Arab parties.

¶11. (C) Netanyahu promised that as Prime Minister his government would not "go back" to unilateral withdrawals, and would have a clear focus. On the economy, he said Israel was not a huge economy such as the United States or China, and that he would be able to turn things around quickly, as "a small share of a declining market" was big for Israel. Asked about settlements, Netanyahu noted that he had not established any new settlements when he was Prime Minister. Half of the West Bank, the area east of the ridge line and the Jordan Valley, is virtually unpopulated and only contains a few settlements. In the other half, Israeli and Palestinian populations are intertwined. Once the Palestinian Authority develops into a real partner it will be possible to negotiate an agreement over territory, settlements and "refined" Palestinian sovereignty without an army or control over air space and borders. Netanyahu said it would be too hard to negotiate agreements over Jerusalem and refugees until the other issues are resolved. Claiming that many Palestinians accept this point, Netanyahu said he was not talking about a delaying tactic but rather a temporary freeze, adding that he hoped PA Prime Minister Fayyad would still be around since Fayyad also thinks along economic lines.

¶12. (SBU) As an example of economic development, Netanyahu spoke about expanding faith tourism. He said that it "defied imagination" that the well-known site on the Jordan River where John the Baptist baptized Jesus was "paralyzed" by a GOI/PA jurisdiction dispute. With Jericho only a mile away, Netanyahu offered to give an "easy", secure "envelope" for transporting tourists from the Galilee to this part of the West Bank. That would lead to "co-production" that would provide large revenue streams of tourist dollars to the Palestinians, from a population that was already coming to Israel. He asked why Israelis would be less disposed to make concessions to a viable Palestinian government and society. Netanyahu agreed that West Bank checkpoints take too long, and offered to look into express lanes, increased staffing, and other possible solutions - as Prime Minister.

¶13. (U) CODEL Cardin has cleared this cable.

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